



AWARNESS ABOUT FINANCIAL LITERACY & CREDIT COUNSELLING CENTRES AMONG THE COLLEGE STUDENTS OF NAGAON DISTRICT, ASSAM

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ABSTRACT

Financial literacy is increasingly important as it has become essential that individuals acquire the skills to be able to survive in modern society and cope with the increasing diversity and complexity of financial products and services available. Financial literacy is the ability to make informed judgments and to take effective decisions regarding the use and management of money. It enables individuals to improve their overall well-being and to plan for their future security. The main objective of the study is to analyse the level of financial literacy among the college students and to determine the need for financial literacy programmes on college campus, and current student's desires for these programs. Both the primary and secondary data has been used in this study. Convenience sampling method is used in collecting the data and this study surveys 50 college students to examine their personal financial literacy. This paper seeks to examine the role of UBI Financial Literacy and Credit Counselling Centres and their literacy programmes in developing the financial knowledge among the college students.

KEYWORDS: Financial Literacy, Financial Inclusion, Financial Literacy and Credit Counselling Centers, Savings habit.

1. INTRODUCTION:

Financial literacy means the ability to make informed judgments and to take effective decisions regarding the use and management of money or it is the ability to manage personal finance. The people should need proper plans for long-term investments for their future aspects of emergency needs. On the other hand, students should hold strong financial literacy about personal finance to take decision on investment when they started to earn. Additionally, they must manage their own medical and life insurance needs. In these days the younger generation, specially the students are lacking in their financial decisions. They love spending rather than saving. By keeping the future in mind the students should develop the habit of saving and they should be aware about the various financial services and facilities provided by banks, which will influence them to make sound decisions and to plan the safe and better future.

2. FINANCIAL LITERACY AND FINANCIAL INCLUSION:

2.1 Financial Literacy:

It refers to knowledge required for managing personal finance. It encompasses an understanding of how to use credit responsibly, manage money and savings, minimize financial risk and derive long-term benefits. Financial literacy is an integral part of the financial inclusion. It is not just about imparting the financial knowledge and information. It is also about changing the behaviour in the financial pattern and activities of individuals. The ultimate goal is empowerment of people to take action by them that is in their self-interest. When the people know about the financial products available and when they are able to evaluate the merits and demerits of each product and suitability of the product for their specific needs, they are in a better position to decide what they want and feel empowered in a meaningful way.

2.2 Financial Inclusion:

"Financial Inclusion is defined as the process of ensuring access to financial services and timely and adequate credit where needed, by groups such as weaker sections and low income groups at an affordable cost." Thus financial inclusion acts as an effective instrument to alleviate poverty. India is the second largest populated country after China in the world. More than 65 per cent population makes its living in villages. India has recognized since fifties that for long term sustainability of economic prosperity and social development, growth to rural India is critical. The Government of India and Reserve Bank of India have taken series of measures to take financial services to masses, although, the term Financial Inclusion was not in vogue then.

3. IMPORTANCE OF FINANCIAL LITERACY:

Financial literacy is important as financial markets have become increasingly complex and there is information asymmetry between markets and the common people. It is difficult for the common people to make informed choices

- Equips an individual with the knowledge required to choose from a large number of financial products and financial providers.
- Helps individuals by providing the financial knowledge necessary to initiate savings plans, manage the savings and make proper investments for a safe future.
- Financial sector reforms transfer the responsibility of financial decision making to individuals.

- Leads to consumer protection as the individual is able to make informed choices.

4. FINANCIAL LITERACY AND CREDIT COUNSELLING CENTERS [FLCC]:

As per RBI guidelines and in pursuance of decision taken in the Assam State Level Bankers Committee meeting held on 7th June 2011, SBI, UBI and UCO Bank who have Lead Bank responsibility in all the districts of the state and are asked to opened FLCC centers in all the districts. Their target was to open 27 FLCC centers but till 2013-2014 they could opened only 25 such centres.

5. THE OBJECTIVES OF THE FINANCIAL LITERACY AND CREDIT COUNSELING CENTERS [FLCC]

- To promote savings habit the individuals
- To educate the people in rural and urban areas with regard to various financial products and services available from the formal financial sector
- To make the people aware of the advantages of being connected with the formal financial sector.
- To formulate debts restructuring plans for borrowers in distress .
- To take any other activities which promotes financial literacy.

6. FREE SERVICES RENDERED BY THE FLCC TO CUSTOMERS OF ALL THE BANKS:

- Disseminating information on Financial Services and General Banking.
- Extending Financial Education
- Preventive Credit Counselling: Bringing awareness of credit facilities available from Banks, need for availing credit on the basis of repaying capacity

7. OBJECTIVES OF THE STUDY:

- To know the awareness about FLCC among the college students.
- To analyse the role of FLCC in developing financial literacy among the college students of Nagaon District..
- To analyse the changes in the savings habit of the students before and after the launch of financial literacy programme by the UBI.

8. SCOPE OF THE STUDY:

The scope of the study is restricted to Nagaon District only. In this study the researcher has evaluated the awareness level about the financial literacy and this report gives a clear view of the role of FLCC in developing financial literacy among the students of Nagaon District. The findings of the study and conclusion drawn are based on the analysis of the information collected by intern through questionnaire and communication.

9. METHODOLOGY:

The present study is based on primary data and secondary data.

- **Primary data:** Primary data was collected from administering structured questionnaire to selected respondents. The respondents were selected on convenient random sampling.
- **Secondary Data:** Secondary data was collected from published and unpublished sources. Further, websites were also depended upon for few secondary data.
- **Sampling Size:** The study was made on 50 Respondents.

10. LIMITATIONS:

Following are the limitations of the study.

- Only questionnaire method was used to measure the Financial Literacy among the college students.
- Opinion of the respondents is not final, because the opinion or preference may differ from time to time depending on the situation.
- The Respondents may be not aware about the recent banking technologies facilities provided by Banks.

11. DATA ANALYSIS AND INTERPRETATION:

Table 1: Gender of the Respondents

Sl. No.	Particulars	No of Respondents	Percentage
1.	Male	30	60
2.	Female	20	40
3.	Total	50	100

Source: Primary Data

The above table shows that around 60% of the respondents are male and 40% of the respondents are female. We can find the majority of the respondents were male only.

Table 2: Need for Financial Education in Schools and Colleges

Sl. No.	Particulars	No of the Respondents	Percentage
1.	Yes	49	98
2.	No	1	2
3.	Total	50	100

Source: Primary Data

The above table express that 98% of the respondents are of the opinion that there is a high need for financial education in schools and colleges.

Table 3: Awareness about Financial Literacy and Credit Counselling Centers [FLCC] among the Respondents

Sl. No.	Particulars	No of Respondents	Percentage
1.	Highly aware	2	4
2.	Aware	10	20
3.	Somewhat aware	15	30
4.	Not aware	23	46
5.	Total	50	100

Source: Primary Data

The above table shows that majority of the respondents 46% are unaware about the Financial Literacy and Credit Counselling Centers[FLCC], 30% of the Respondents are somewhat aware about the programme. Only 5% of them were highly aware about Financial Literacy and Credit counselling Centers[FLCC]. And around 20% were aware about the programme.

Table 4: Monthly Deposit Out of Monthly Savings of Respondents Before and After Introduction Financial Literacy and Credit Counselling Centers [FLCC]

Sl.No	Particulars	Before [FLCC]	Percentage	After [FLCC]	Percentage
1.	Below Rs 100	12	24	4	8
2.	Rs 101-Rs 250	10	20	10	20
3.	Rs 251-RS 400	15	30	20	40
4.	Above Rs 400	13	26	16	32
5.	TOTAL	50	100	50	100

Source: Primary Data

The above table clearly shows the changes in the amount of deposit to the bank after the introduction of financial literacy programme to the Respondents. Earlier 24% of the Respondents save and deposit below Rs.100 to the bank. And 30% Of the respondent deposited Rs 251- Rs 400, which was increased up to 40% after the introduction of the financial literacy programme by the bank. Same was the case where only 26% of the respondents used to deposit above Rs 400, but it was raised up to 32% after the Respondents were introduced to the financial literacy programme by the bank.

Table 5: Satisfaction Level of the Respondents About the Financial Education Given by the Financial Literacy and Credit Counselling Centers [FLCC] of UBI

Sl. No.	Express Factors	Highly satisfied	Satisfied	Average	Not satisfied
1.	Quality of information	10	15	15	10
2.	Language used	30	10	10	0
3.	Material used	5	10	20	15
4.	Time period taken	12	18	15	5
5.	Total				

Source: Primary Data

From the above table it is clear that majority of the respondents are satisfied with the overall performance of the programme. The respondents were satisfied with the quality of information, language used, material used, time period taken by the officials of the Financial Literacy and Credit counselling Centers[FLCC] of UBI, while educating them with regards to the financial aspects.

12. FINDINGS, SUGGESTIONS AND CONCLUSION:

12.1 Findings:

- The majority of the respondents were male (60%), and rest of them (40%) were female respondents.
- It is found out that all the respondents are having the opinion that there is a high need for financial education in schools and colleges. This is because, the students are unaware about any financial products and services provided by Banks. Thus there is a need of financial education.
- Majority of the respondents (46%) were not aware about the FLCC programmes. This is because there is no aggressive promotion of the programme in the public.
- It is found out from the study that there is positive change in saving as well as deposit of the saving in the bank account of the respondents. It shows the influence of the programme in promoting savings habit among the college students.
- Majority of the respondents are satisfied with the overall performance of the bank. The respondents were satisfied with the quality of information, language used, material used, time period taken by the officials of the bank while educating them with regards to the financial aspects.

12.2 Suggestions:

- The saving habit of the students should be encouraged and promoted.
- Proper financial literacy programmes should be conducted in schools and colleges
- The financial Institutions like Banks/LIC Company/Postal Service should create awareness among their customer about the new technologies and they should provide financial literacy programmes in schools and colleges also.

12.3 Conclusion:

While it is important to begin teaching financial skills at school level, achieving and maintaining financial know-how is a lifelong undertaking. The types of financial decisions that people have to make vary through the course of their lives, and thus an attempt has been made by the bank to ensure that access to financial education is readily available at all stages of life. Moreover, relevant, accurate, and reliable financial information must be readily available to consumers at the time they are making their decisions. Through financial education, the bank is trying to provide students with the knowledge and skills they need to make better choices about finances and safeguarding individuals against harmful practices and bad information that lead to poor financial choices. Accomplishing these two goals we believe will result in economic empowerment for all concerned.

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